

Internal Revenue Service

Department of the Treasury

District
Director

315 Second Ave., Seattle, Wash. 98174

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

JUN 16 1983

DOFAULT
8/2/1985

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Your purposes, as stated in your articles of incorporation, are to advance the civic and commercial wellbeing of [REDACTED], to create and encourage favorable public relations for the shopping center, and to promote and advertise the special events of [REDACTED].

Your membership consists of all owners of business establishments in the [REDACTED]. Membership is mandatory. Associate members are persons, firms or corporations owning or occupying property in the vicinity of [REDACTED].

Your income is primarily from dues and assessments of members and expenditures are primarily for advertising and promotion.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of nonprofit business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earning of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

[REDACTED]

Revenue Ruling 73-411, 1973-2, CB 180, holds that an organization composed of all the business tenants and the corporate owner of a shopping center, whose activities are directed toward promoting the general business interests of its members, does not qualify as either a business league or a chamber of commerce under section 501(c)(6) of the Code. Membership is mandatory under terms of the Tenants leases. The organization is not structured along particular industry or business lines, and because membership is not voluntary and is not open to all business and professional men in the community it does not possess the essential characteristics of a chamber of commerce.

Based on the information submitted, we hold that you do not qualify for exemption under section 501(c)(6) of the Code as a business league. Your members have no common business interest, other than to increase individual sales, and your activities are not directed to the improvement of one or more lines of business. In addition, you could not qualify as a Chamber of Commerce or similar organization since membership is compulsory.

We are not ruling on your qualification for exemption under any related paragraph under IRC 501(c).

Accordingly, it is held that you are not entitled to recognition of exemption from Federal income tax under section 501(c)(6) of the Code. You are required to file Federal income tax returns on Form 1120 for each year you have been in existence.

If you accept our findings, you do not need to take further action.

If you do not accept our findings, we recommend that you request a conference with the Office of Regional Director of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at our Regional office or, if you request, at any mutually convenient District office.

If we do not hear from you within 30 days from the date of this letter, this ruling will become final. If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours.

[REDACTED]
District Director

Enclosure:
Publication 892